

Message Text

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PAGE 01 QUITO 01642 281517Z

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ACTION SS-25

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FM AMEMBASSY QUITO

TO SECSTATE WASHDC IMMEDIATE 9219

S E C R E T QUITO 1642

EXDIS

DEPARTMENT PASS CIA

E.O. 11652: XGDS-1

TAGS: ENRG PFOR EC

SUBJ/ TEXACO'S CRAWFORD DISCUSSES PETROLEUM SITUATION WITH VICE
ADMIRAL POVEDA

REF: (A) QUITO 1559, (B) QUITO 1568

1. TEXACO'S LATIN AMERICAN PRODUCTION MANAGER MAX CRAWFORD
CALLED ON DCM EVENING FEBRUARY 27 AT AMBASSADOR'S REQUEST TO
REPORT ON OUTCOME OF MEETING HE HAD JUST COME FROM WITH
SUPREME COUNCIL PRESIDENT, VICE ADMIRAL POVEDA. AMBASSADOR
HAD ARRANGED MEETING IN ORDER PROVIDE POVEDA WITH DIFFERENT
PERSPECTIVE ON TEXACO/GULF OPERATIONS IN ECUADOR (SEE REFTELS)

2. CRAWFORD, WHO HAD NOT KNOWN POVEDA PERSONALLY PRIOR TO
THIS MEETING, SAID POVEDA RECEIVED HIM FOR OVER AN HOUR
DURING WHICH TIME CRAWFORD PRESENTED HIM SKETCH OF TEXACO'S
FINANCIAL POSITION IN ECUADOR AND ALTERNATIVE LEVELS OF NEW
INVESTMENT NEEDED TO MAINTAIN PRESENT PRODUCTION. CRAWFORD
SAID HE POINTED OUT HOW MUCH ADDITIONAL MONEY TEXACO AND
GULF WOULD HAVE TO EARN PER BARREL IN ORDER TO CARRY OUT
SUCH AN INVESTMENT PROGRAM. CRAWFORD SAID POVEDA SEEMED
TO GRASP ALL THE DETAILS AS WELL AS THE FRAMEWORK OF HIS
PRESENTATION VERY QUICKLY.

3. THEN CRAWFORD PRESENTED A SKETCH OF A POSSIBLE FIVE

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SECRET

PAGE 02 QUITO 01642 281517Z

YEAR PHASEOVER, WITH RAPID AMORTIZATION OF EXISTING AND

NEW INVESTMENT, AT THE END OF WHICH PERIOD THE ENTIRE OPERATION WOULD REVERT TO CEPE, THE ECUADOREAN STATE PETROLEUM COMPANY. COMPANY EARNINGS WOULD HAVE TO BE GUARANTEED OVER THIS PERIOD FOR THE OPERATION TO WORK. POVEDA SEEMED VERY INTERESTED IN THE CONCEPT AND ASKED CRAWFORD TO KEEP IN TOUCH WITH HIM ON THE SAME PRIVATE BASIS AS THE ISSUE WAS DEVELOPED FURTHER.

4. CRAWFORD TOLD DCM THAT THE PHASEOUT PROGRAM HE PRESENTED HAD BEEN ESSENTIALLY HIS OWN IDEA AND HAD NOT BEEN FULLY CLEARED WITH THE PRINCIPALS OF EITHER TEXACO OR GULF. HE INTENDED TO DISCUSS IT WITH TEXACO LA HEADQUARTERS IN CORAL GABLES ON HIS RETURN FEBRUARY 28. MEANWHILE QUESTION OF WHETHER OR NOT TO PRESENT LETTER AS REQUESTED BY COUNCIL MEMBER DURAN AND RESOURCES MINISTER VARGAS REMAINS IN ABEYANCE.
BREWSTER

NOTE BY OC/T: NOT PASSED CIA.

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NNN

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